

March 23, 2005

BY OVERNIGHT DELIVERY

Chairman Pat Miller
c/o Sharla Dillon, Dockets and Record Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

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T.R.A. DOCKET ROOM

**Re: Docket No. 05-00048 - Joint Petition of MCG Capital Corporation, IDS
Telcom Corp., and IDS Telcom, LLC for Authority to Complete an
Assignment of Authority to Provide Competitive Services and Sale of
Customer Base and Other Assets**

Dear Chairman Miller:

MCG Capital Corporation ("MCG"), IDS Telcom Corp. ("New IDS"), and IDS Telcom, LLC ("Old IDS") (MCG, New IDS, and Old IDS together, "Petitioners"), through undersigned counsel, hereby provides a supplemental response to Staff's request for additional information dated March 9, 2005 ("Information Request").¹ Specifically, Petitioners respond to the following questions.

- 1. Provide the most current audited financial statements for IDS Telcom, LLC and projected balance sheet of IDS Telcom, LLC or its successor at the consummation of the transaction.**

Petitioners provide, as Attachment 1, the most recent audited financial statements of IDS Telcom, LLC and the projected financial statements of IDS Telcom Corp. Please note that these financial documents are **confidential and filed under seal**. Petitioners respectfully request they be treated as confidential and not be disclosed to the public.

- 2. Provide a copy of the surety bond as required by TCA § 65-4-125 with the new corporate name IDS Telcom Corp.**

IDS Telcom Corp. provides, as Attachment 2, a copy of the letter of credit from Bank of America that it has obtained as required by TCA § 65-4-125. Bank of America sent the original letter of credit directly to the Authority.

¹ Petitioners filed their original response to the Information Request on March 14, 2005

SWIDLER BERLIN^{LLP}

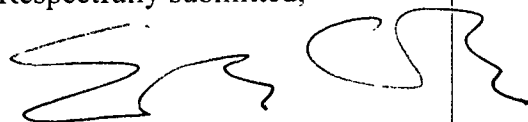
Chairman Pat Miller

March 23, 2005

Page 2

An original and thirteen (13) copies of this filing are enclosed. Please date stamp the extra copy and return it in the self-address, postage paid envelope provided. Should you have any questions regarding this filing please do not hesitate to contact Ward Quill at (202) 945-6997

Respectfully submitted,

The image shows two handwritten signatures in black ink. The signature on the left is for Catherine Wang, featuring a stylized 'C' and 'W'. The signature on the right is for Edward S. Quill, featuring a stylized 'E' and 'Q'.

Catherine Wang
Edward S. Quill

Attachments

ATTACHMENT 1

Financial Information

The enclosed financial documents are **confidential and filed under seal.** Petitioners respectfully request they be treated as confidential and not be disclosed to the public.

ATTACHMENT 2

Letter of Credit,

PAGE: 1

DATE: MARCH 18, 2005

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: 68005535

BENEFICIARY
TENNESSEE REGULATORY AUTHORITY
460 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243
ATTN: JOE WERNER

APPLICANT
IDS TELCOM CORP.
DBA IDS TELCOM CORP. OF DE
2555 S. CONGRESS AVE
DAISY RANCH, FL 33445
ISSUING BANK
BANK OF AMERICA, N.A.
1 FLEET WAY
PA6-580-02-30
SCRANTON, PA 18507-1999
AMOUNT
NOT EXCEEDING USD 20,000.00
NOT EXCEEDING TWENTY THOUSAND AND
00/100'S US DOLLARS

EXPIRATION
MARCH 16, 2006 AT OUR COUNTERS

WE HEREBY ESTABLISH IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER 68005535 WHICH IS AVAILABLE WITH BANK OF AMERICA N.A. BY PAYMENT AGAINST PRESENTATION OF THE ORIGINAL OF THIS LETTER OF CREDIT AND YOUR DRAFTS AT SIGHT DRAWN ON BANK OF AMERICA N.A., ACCOMPANIED BY THE DOCUMENTS DETAILED BELOW:

YOU HAVE REQUESTED OF BANK OF AMERICA, N.A., SCRANTON, PA (THE "LENDER") THAT WE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT WHICH WILL REMAIN AVAILABLE ON BEHALF OF IDS TELCOM CORP. (THE "COMPANY") WHO HAS APPLIED TO THE TENNESSEE REGULATORY AUTHORITY (THE "TRA") FOR AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN THE STATE OF TENNESSEE. THE PURPOSE OF THIS LETTER OF CREDIT IS TO SECURE PAYMENT OF ANY MONETARY SANCTION IMPOSED AGAINST THE COMPANY, ITS REPRESENTATIVES, SUCCESSORS OR ASSIGNS, IN ANY ENFORCEMENT PROCEEDING BROUGHT UNDER TITLE 65 OF TENNESSEE CODE ANNOTATED OR THE CONSUMER TELEMARKETING ACT OF 1990, BY OR ON BEHALF OF THE TRA.

WE, BANK OF AMERICA, N.A., SCRANTON, PA, HEREBY ESTABLISH AND ISSUE, IN FAVOR OF THE TRA, AN IRREVOCABLE LETTER OF CREDIT IN THE AMOUNT OF TWENTY THOUSAND AND 00/100'S U.S. DOLLARS (\$20,000.00) LAWFUL MONEY OF THE UNITED STATES OF AMERICA. THE TRA MAY DRAW UPON THIS LETTER OF CREDIT, AT ANY TIME AND FROM TIME TO TIME, BY DELIVERING A LETTER OF CREDIT NOTICE, SUBSTANTIALLY IN THE FORM SET FORTH BELOW (A "NOTICE"), WHICH NOTICE SHALL SPECIFY THE AMOUNT (THE "DRAW AMOUNT")

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: 68005535

TO BE DRAWN AND THE BANK ACCOUNT (THE "BANK ACCOUNT") TO WHICH THE DRAW AMOUNT SHOULD BE DELIVERED AND SHALL BE SIGNED BY AN OFFICIAL DESIGNATED AND DULY AUTHORIZED BY THE TRA, TO LENDER AT THE ADDRESS LISTED BELOW, OR TO SUCH OTHER ADDRESS AS THE LENDER SHALL NOTIFY THE TRA IN WRITING BY CERTIFIED MAIL. PROMPTLY AFTER THE DELIVERY OF EACH NOTICE, THE LENDER HEREBY COVENANTS AND AGREES TO DELIVER, BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS, THE DRAW AMOUNT TO THE BANK ACCOUNT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT IS DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR PERIOD(S) OF ONE YEAR EACH FROM THE CURRENT EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO ANY EXPIRATION DATE, WE NOTIFY YOU BY REGISTERED MAIL AT THE ABOVE LISTED ADDRESS THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD, IT BEING UNDERSTOOD THAT THE LENDER SHALL NOT BE RELIEVED OF LIABILITY THAT MAY HAVE ACCRUED UNDER THIS LETTER OF CREDIT PRIOR TO THE DATE OF CANCELLATION. UPON RECEIPT OF SUCH NOTICE YOU MAY DRAW HEREUNDER UP TO THE THEN AVAILABLE AMOUNT AND UP TO THE THEN RELEVANT EXPIRATION DATE BY DELIVERY OF A LETTER OF CREDIT NOTICE.

THE LENDER HEREBY REPRESENTS AND WARRANTS THAT IT IS QUALIFIED AND AUTHORIZED TO ISSUE THIS LETTER OF CREDIT AND IS A BANK DESIGNATED BY THE TREASURER OF THE STATE OF TENNESSEE AS AN AUTHORIZED DEPOSITORY BANK FOR THE DEPOSIT OF STATE FUNDS.

EXCEPT AS OTHERWISE EXPRESSLY STATED, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDIT (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500, OR ANY REVISIONS THERETO.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

IF YOU REQUIRE ANY ASSISTANCE OR HAVE ANY QUESTIONS REGARDING THIS TRANSACTION, PLEASE CALL 800-370-7519 .



AUTHORIZED SIGNATURE

THIS DOCUMENT CONSISTS OF 2 PAGE(S).